

Calculating Your Own Retirement Allowance

Public Employees' Retirement System • Teachers' Pension and Annuity Fund

CALCULATING YOUR RETIREMENT

If you are more than two years from your retirement date, or if you would like to learn how your retirement is calculated, you can use the worksheet in this fact sheet to estimate your retirement allowance and the pension benefits available to your beneficiary upon your death. You can also calculate your own retirement allowance using the online retirement estimate calculator on the Division of Pensions and Benefits Web site at:

www.state.nj.us/treasury/pensions

If you are within two years of your retirement date, the Division of Pensions and Benefits will be happy to provide you with a written estimate of your retirement allowance, your beneficiary's pension benefit upon your death under the various options, and your life insurance after retirement. Just complete a *Request for Retirement Estimate* available from your employer, or from the Division of Pensions and Benefits by calling (609) 777-1931 and entering selection number 207, or in the Useful Forms section of our Internet home page at: www.state.nj.us/treasury/pensions. You may also call (609) 777-1777 to hear an estimate of your retirement benefits over the phone. Please have your Social Security number available when you call.

PENSION OPTIONS

When you apply for retirement, you will have to choose one of nine ways to receive your retirement benefits. Please be sure you understand the different payment options available to you because, once you have made your choice and your retirement becomes due and payable (usually when your first check is issued), you cannot change your payment option. No matter which of the payment methods you select at the time of retirement, you will receive a monthly retirement benefit for your lifetime.

Maximum Option

No Pension Benefit to Beneficiary — The largest allowance paid to you with no pension benefit paid to a beneficiary upon your death.

Under Options A, B, C, or D, you can name only one beneficiary and you cannot change your beneficiary after retirement.

Option A

100% to Beneficiary — Increase to Maximum Option. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 100% of your monthly allowance. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option.

Option B

75% to Beneficiary — Increase to Maximum Option. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 75% of your monthly allowance. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option.

Option C

50% to Beneficiary — Increase to Maximum Option. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 50% of your monthly allowance. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option.

Option D

25% to Beneficiary — Increase to Maximum Option. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 25% of your monthly allowance. If your beneficiary dies before you, your retirement allowance will increase to the Maximum Option.

Option 1

Reducing Retirement Reserve to a Beneficiary. A reserve is set up to pay your retirement allowance for your lifetime. This reserve is reduced each month by your original monthly retirement allowance. Upon your death, your beneficiary receives the balance of this reserve, if any. You can name more than one beneficiary and you can change your beneficiary at any time.

Under Options 2, 3, or 4, you cannot change your

beneficiary after retirement. Options 2 and 3 pay you a larger monthly retirement allowance than the corresponding Options A and C. However, if your beneficiary dies before you, you continue to receive the reduced allowance provided by that option.

Option 2

100% to Beneficiary — Permanent Reduction. You can name only one beneficiary. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 100% of your monthly allowance.

Option 3

50% to Beneficiary — Permanent Reduction. You can name only one beneficiary. Upon your death, your beneficiary receives a lifetime monthly retirement allowance equal to 50% of your monthly allowance.

Option 4

Choice of Amount to Beneficiary - Permanent Reduction. You can name one beneficiary or multiple beneficiaries. Upon your death, your beneficiary(ies) receives a lifetime monthly retirement allowance set by you (can be no more than the Option 2 allowance).

Age Limits on Non-spouse Beneficiaries

For all options, you can name your spouse* as your beneficiary regardless of your spouse's age. For Options 1, 3, C, or D, you can name someone other than your spouse as beneficiary regardless of age.

For Options 2 and A (100% to beneficiary), if you are naming a beneficiary who is not your spouse, Internal Revenue Service regulations restrict the age of your beneficiary to no more than 10 years younger than you.

For Option B (75% to beneficiary) you can name a non-spouse who is no more than 19 years younger than you.

If you name a non-spouse beneficiary under Option 4, if the dollar amount of your beneficiary's pension is more than half of your allowance, restrictions on your beneficiary's age apply.

**Since the Internal Revenue Service is a federal agency, a domestic partner as defined under Chapter 246, P.L. 2003 does not qualify as a spouse under these circumstances and would be subject to the age limitations described.*

This fact sheet has been produced and distributed by:

**New Jersey Division of Pensions and Benefits • PO Box 295 • Trenton, New Jersey 08625-0295
(609) 292-7524 • TDD for the hearing impaired (609) 292-7718**

URL: <http://www.state.nj.us/treasury/pensions> • E-mail: pensions.nj@treas.state.nj.us

This fact sheet is a summary and not intended to provide total information.
Although every attempt at accuracy is made, it cannot be guaranteed.

Step 1: Calculate an estimate of your Maximum Option.

- Answer (a) _____

- Answer (b) _____

Service or Early* Retirement

***Veterans who are at least age 55 with 35 years or more of pension membership credit can use the Service Retirement calculation above but substitute the last 12 months of salary in item (b).*

(c) What option are you considering? _____

Fact Sheet #54

Step 3: Calculate joint and survivor benefit payment.

- (a) Go to the appropriate chart based on your answer to step 2c above.
- (b) Find your age (from step 2a) along the top of the chart. Go down that column until you reach the benefit percentage corresponding to the age of your beneficiary (from step 2b).
- (c) Multiply that reduction factor by your Maximum Option amount from step 1. This results in your annual benefit amount for the option selected. Then multiply your allowance by the decimal amount indicated to determine what your beneficiary would receive.

Example: Member age 60; beneficiary age 55; 30 years of pension service; \$40,000 average salary; selected option 2.

$[30 \div 55] \times \$40,000 = \$21,818$ per year = your annual Maximum Option amount

$\$21,818 \times .84 = \$18,327$ per year = your annual Option 2 allowance

Calculate joint and survivor benefit payment under Option A or Option 2:

$$\frac{\text{Your Maximum Option amount}}{\text{Your Maximum Option amount}} \times \frac{\text{Age factor from Option A or 2 chart}}{\text{Age factor from Option A or 2 chart}} = \frac{\text{Your annual retirement amount}}{\text{Your annual retirement amount}} \times 1.00 = \$ \frac{\text{Annual beneficiary benefit amount}}{\text{Annual beneficiary benefit amount}}$$

Calculate joint and survivor benefit payment under Option B:

$$\frac{\text{Your Maximum Option amount}}{\text{Your Maximum Option amount}} \times \frac{\text{Age factor from Option B chart}}{\text{Age factor from Option B chart}} = \frac{\text{Your annual retirement amount}}{\text{Your annual retirement amount}} \times .75 = \$ \frac{\text{Annual beneficiary benefit amount}}{\text{Annual beneficiary benefit amount}}$$

Calculate joint and survivor benefit payment under Option C or Option 3:

$$\frac{\text{Your Maximum Option amount}}{\text{Your Maximum Option amount}} \times \frac{\text{Age factor from Option C or 3 chart}}{\text{Age factor from Option C or 3 chart}} = \frac{\text{Your annual retirement amount}}{\text{Your annual retirement amount}} \times .50 = \$ \frac{\text{Annual beneficiary benefit amount}}{\text{Annual beneficiary benefit amount}}$$

Calculate joint and survivor benefit payment under Option D:

$$\frac{\text{Your Maximum Option amount}}{\text{Your Maximum Option amount}} \times \frac{\text{Age factor from Option D chart}}{\text{Age factor from Option D chart}} = \frac{\text{Your annual retirement amount}}{\text{Your annual retirement amount}} \times .25 = \$ \frac{\text{Annual beneficiary benefit amount}}{\text{Annual beneficiary benefit amount}}$$

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

OPTION A REDUCTION TABLE — (NON-DISABILITY RETIREMENT)**MEMBER'S AGE****BENEFICIARY'S AGE**

	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
50	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735	.725	.715	.705
51	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740	.730	.720	.710
52	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735	.725	.715
53	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740	.730	.720
54	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735	.725
55	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740	.730
56	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735
57	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740
58	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745
59	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750
60	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755
61	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760
62	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765
63	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770
64	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775
65	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780
66	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785
67	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790
68	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795
69	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800
70	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805

OPTION B REDUCTION TABLE — (NON-DISABILITY RETIREMENT)**MEMBER'S AGE****BENEFICIARY'S AGE**

	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
50	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745
51	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750
52	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755
53	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760
54	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765
55	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770
56	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775
57	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780
58	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785
59	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790
60	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795
61	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800
62	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805
63	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810
64	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815
65	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820
66	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825
67	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830
68	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835
69	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840
70	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845

OPTION C REDUCTION TABLE — (NON-DISABILITY RETIREMENT)

MEMBER'S AGE

BENEFICIARY'S AGE		55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
	50	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790
	51	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795
	52	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800
	53	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805
	54	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810
	55	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815
	56	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820
	57	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825
	58	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830
	59	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835
	60	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840
	61	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845
	62	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850
	63	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855
	64	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860
	65	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865
	66	.999	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870
	67	.999	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875
	68	.999	.999	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880
	69	.999	.999	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885
	70	.999	.999	.999	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890

OPTION D REDUCTION TABLE — (NON-DISABILITY RETIREMENT)

MEMBER'S AGE

BENEFICIARY'S AGE		55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
	50	.975	.970	.965	.960	.955	.950	.945	.940	.935	.930	.925	.920	.915	.910	.905	.900
	51	.977	.972	.967	.962	.957	.952	.947	.942	.937	.932	.927	.922	.917	.912	.907	.902
	52	.979	.974	.969	.964	.959	.954	.949	.944	.939	.934	.929	.924	.919	.914	.909	.904
	53	.981	.976	.971	.966	.961	.956	.951	.946	.941	.936	.931	.926	.921	.916	.911	.906
	54	.983	.978	.973	.968	.963	.958	.953	.948	.943	.938	.933	.928	.923	.918	.913	.908
	55	.985	.980	.975	.970	.965	.960	.955	.950	.945	.940	.935	.930	.925	.920	.915	.910
	56	.987	.982	.977	.972	.967	.962	.957	.952	.947	.942	.937	.932	.927	.922	.917	.912
	57	.989	.984	.979	.974	.969	.964	.959	.954	.949	.944	.939	.934	.929	.924	.919	.914
	58	.991	.986	.981	.976	.971	.966	.961	.956	.951	.946	.941	.936	.931	.926	.921	.916
	59	.993	.988	.983	.978	.973	.968	.963	.958	.953	.948	.943	.938	.933	.928	.923	.918
	60	.995	.990	.985	.980	.975	.970	.965	.960	.955	.950	.945	.940	.935	.930	.925	.920
	61	.997	.992	.987	.982	.977	.972	.967	.962	.957	.952	.947	.942	.937	.932	.927	.922
	62	.999	.994	.989	.984	.979	.974	.969	.964	.959	.954	.949	.944	.939	.934	.929	.924
	63	.999	.996	.991	.986	.981	.976	.971	.966	.961	.956	.951	.946	.941	.936	.931	.926
	64	.999	.999	.999	.999	.996	.990	.984	.978	.972	.966	.960	.954	.948	.942	.936	.930
	65	.999	.999	.999	.999	.998	.992	.986	.980	.974	.968	.962	.956	.950	.944	.938	.932
	66	.999	.999	.999	.999	.999	.994	.988	.982	.976	.970	.964	.958	.952	.946	.940	.934
	67	.999	.999	.999	.999	.999	.996	.990	.984	.978	.972	.966	.960	.954	.948	.942	.936
	68	.999	.999	.999	.999	.999	.998	.992	.986	.980	.974	.968	.962	.956	.950	.944	.938
	69	.999	.999	.999	.999	.999	.999	.994	.988	.982	.976	.970	.964	.958	.952	.946	.940
	70	.999	.999	.999	.999	.999	.999	.996	.990	.984	.978	.972	.966	.960	.954	.948	.942

A PUBLICATION OF THE NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

OPTION 2 REDUCTION TABLE — (NON-DISABILITY RETIREMENT)**MEMBER'S AGE**

BENEFICIARY'S AGE	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735	.725	.715
	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740	.730	.720
	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735	.725
	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740	.730
	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745	.735
	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750	.740
	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755	.745
	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760	.750
	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765	.755
	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770	.760
	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775	.765
	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780	.770
	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785	.775
	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790	.780
	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795	.785
	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800	.790
	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795
	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800
	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805
	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810
	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815

OPTION 3 REDUCTION TABLE — (NON-DISABILITY RETIREMENT)**MEMBER'S AGE**

BENEFICIARY'S AGE	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805	.795
	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810	.800
	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815	.805
	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820	.810
	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825	.815
	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830	.820
	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835	.825
	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840	.830
	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845	.835
	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850	.840
	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855	.845
	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860	.850
	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865	.855
	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870	.860
	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875	.865
	.999	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880	.870
	.999	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885	.875
	.999	.999	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890	.880
	.999	.999	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895	.885
	.999	.999	.999	.999	.999	.990	.980	.970	.960	.950	.940	.930	.920	.910	.900	.890
	.999	.999	.999	.999	.999	.995	.985	.975	.965	.955	.945	.935	.925	.915	.905	.895